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## China, Peoples Republic of

### Agricultural Situation

### News Flash I.9

### 2006

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**Report Highlights:**

This report provides a news synopsis of trade policy and agriculture/commodities in China. Trade policy news includes: unapproved packing materials prohibited for import and export; implementation of new quarantine standard for WPM; streamlining of cotton purchasing and processing. Agriculture/commodities news includes: Xinjiang develops its first Bt cotton variety; price for agricultural products dropped 1.0 percent; new fuel ethanol plant to be built in Inner Mongolia; farmers' average cash income increases; MOA announces "China Animal Health Report, 2004-2005"; Chongqing can export live swine to Hong Kong; minimum purchase prices for early indica rice released.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Beijing [CH1]  
[CH]

## Trade Policy

### **Additional cotton TRQs will not be issued in the near future**

In the National Cotton Classification Reform meeting held on July 11 in Ningbo/Zhejiang, NDRC Deputy Director General Mr. Ma announced that no additional cotton TRQs would be issued in the near future. He urged cotton traders to sell their cotton at reasonable price, and predicted prices were unlikely to reach RMB15,000/MT (US\$1875/MT). He further suggested combining TRQ with purchasing of Xinjiang cotton to facilitate marketing of domestic cotton. (China Textile News, 07/19/06, WXP)

### **Foodstuffs with unapproved packing and packing materials will be prohibited to import and export**

The "Regulation of Inspection and Quarantine Management on Packaging Containers and Materials for Import and Export Foodstuffs" announced by the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) will become effective on August 1, 2006. Inner packaging, retail-sale packaging, transportation packaging, as well as packaging materials will all be subject to AQSIQ's inspection and quarantine. Foodstuffs with unapproved packaging and materials will be prohibited for import and export. Packaging production plants for exported foods or food packaging importers should be registered. Raw materials or subsidiary materials to be used for the first time, including stamp-pad (mimeograph) ink and auxiliary materials, should be registered by Local inspection and quarantine offices under AQSIQ after the materials are tested and qualified. When declaring for inspection and quarantine, the applicant should provide: "Application Form for Registration of Packaging and Packaging Materials for Import and Export Foodstuffs", "Inspection and Quarantine Result for Exit-Entry Foodstuff Packaging and Packaging Materials", explanation papers for imported foodstuff containers, composition of packaging materials, auxiliary materials, foodstuff containers, production technology for producing packaging materials and statement of compliance with China's hazard standards and sanitary requirements. (China Food Newspaper, 7/18/2006, ZJP)

### **Implementation of new quarantine standards for imported WPM**

According to AQSIQ, the transition period of new quarantine standard for imported wood packaging material (WPM) ended on June 30, 2006, with the new standards being implemented on July 1, 2006. The new standard is consistent with ISPM-15. To minimize the effect on trade, the implementation of the new standard was divided into three periods: double-track period (January 31 – December 31, 2005), transition period (January 1 – June 30, 2006), and real implementation period (effective July 1, 2006). With the end of the transition period, more than 90% of the imported WPM are subject to phytosanitary treatment and must display the IPPC mark. (AQSIQ website, 07/18/2006, ZL)

### **State Council streamlines cotton purchasing and processing**

Premier Wen Jiabao has signed an amendment of the Cotton Quality Monitoring and Administration Regulation in an attempt to streamline cotton purchasing and processing activities. Under the amended regulation, cotton processors must be accredited before engaging in cotton processing. Cotton buyers will be penalized if they fail to eliminate foreign matter before grading and weighing or if cotton moisture exceeds government standards. The amended regulation will come into force immediately. (Ministry of Agriculture web site, [www.agri.gov.cn](http://www.agri.gov.cn), 7/17/06, WBG)

## Agriculture/Commodities

### Xinjiang developed its first Bt cotton variety

The first Bt cotton variety developed by Xinjiang passed the national new variety review and evaluation recently. This is a breakthrough in Xinjiang's cotton breeding history. The new Bt variety is characterized by strong bollworm and wilt resistance as well as a high yield. (China-cotton.org, 07/18/06, WXP)

### Xinjiang PCC 2006 machine harvested cotton area to reach 173,000 hectares

Xinjiang Production and Construction Corp is expected to increase its machine harvested cotton area to 173,000 hectares in 2006, 30% over the 133,000 hectares in 2005. This cotton is mainly distributed throughout three major cotton producing regions including Shihezi, Zhunger and Tarimu basins. (Farmer's Daily, 07/18/06, WXP)

### Imported US cotton found to be underweight in Guangdong

A total of 291.3 metric tons of US cotton were found to be underweight by 4517 Kg and short in length by 81.25% according to Zhanjiang CIQ. The importer has filed a complaint to the exporter claiming compensation of \$14,624. Guangdong CIQ announced they would strengthen inspection on imported cotton. Guangdong is one of China's major cotton entry points. (China-cotton.org, 07/18/06, WXP)

### CNGOIC expects 2006 rapeseed production down by 2 million metric tons

CNGOIC estimated that 2006 rapeseed production would be 11 million metric tons, a decrease of 2 MMT, or 15.3%, from 2005. The decrease in production is a result of a reduction in rapeseed planted area and inputs with lower yield. This stems from the lower prices and profits experienced in 2005. The largest producer of rapeseed, Hubei, is likely to produce 1.7 MMT, a decrease of 0.5 MMT from the previous year. (CNGOIC Oilseeds Weekly, 07/13/06, WXP)

### Price for agricultural products dropped 1.0 percent during 1<sup>st</sup> half

The National Statistical Bureau conducted the survey based on 31,000 production units nationwide. The overall price for agricultural products dropped 1.0 percent in comparison to the first half of 2005.

Price change in agricultural products in the first half (in percentage)								
Cereals	Wheat	Rice	Corn	Bean	Tuber	Cotton	Sugar Crop	Oil seed
-0.5	-4.0	0.5	0.4	-5.4	11.7	14.3	32.8	-1.7

(07/19/06, National Statistical Bureau website, JJY)

### New fuel ethanol plant to be built in Inner Mongolia in 2007

China National Cereals, Oils & Foodstuff Corp (COFCO) signed a contract with Shifeng City for a corn-processing ethanol project in Inner Mongolia. The total investment is estimated at \$150 million with a designed capacity of 300, 000 metric tons of fuel ethanol production. The project will begin construction in the beginning of 2007 and will be completed by the beginning of 2008. The ethanol plant will consume an estimated 1 mmt of corn annually. (China Grain & Oil News, 07/15/06, JJY)

### Farmers' average cash income amounts to RMB1797 in the first half of 2006

According to State Statistics Bureau, China's GDP increased by 10.9% in the first half of 2006, of which the agricultural sector increased by 5.1%. It is the third consecutive year that summer grain enjoyed a good harvest, with total production reaching 113.8 million tons,

an increase of 7% over 2005. The average cash income for a farmer was RMB1797, up 11.9% from the same period in 2005. (MOA website, 07/19/2006, ZL)

#### **MOA announced "China Animal Health Report, 2004-2005"**

The Ministry of Agriculture (MOA) recently released "China Animal Health Annual Report, 2004 - 2005". The report includes China's 2004 and 2005 livestock development situation, veterinary management system, animal disease control, bio-security management at veterinary laboratories, animal drug management and residue control, infrastructure construction and financial investment, as well as international cooperation. This report can be found in both Chinese and English on MOA's website [www.agri.gov.cn](http://www.agri.gov.cn) (China Livestock and Veterinary Newspaper 7/16/2006, ZJP)

**MOA requests 100 percent immunization against AI and FMD in the fall:** The Ministry of Agriculture (MOA) is requesting complete immunization against avian influenza (AI) and food and mouth disease (FMD) in all provinces. According to MOA, China vaccinated 6 billion poultry birds and 850 million animals during the first half of 2006. Immunization density was over 90 percent. MOA has established a reporting net with 645,000 disease reporters monitoring over 49,000 large commercial farms, 80,000 household poultry farms, 900 swine farms and 2,000 animal and poultry markets. (China Livestock and Veterinary Newspaper, 7/16/2006, ZJP)

#### **China's economy develops fast in the first half of 2006**

According to the preliminary statistics of the National Statistics Bureau, China's GDP was RMB9,144 billion (US\$1,144 billion) for the first half of 2006, a 10.9 percent increase. Summer grain production was 113.8 MMT, a 7 percent increase over 2005. Total meat production (beef, pork, sheep and goat meat and poultry meat) was 36 MMT, a 4.4 percent increase from the previous year. (The People's Daily, 7/19/2006, ZJP)

#### **Chongqing can export live swine to Hong Kong**

The Ministry of Commerce (MOC) has adjusted its allocation of the export quota for live swine exports to Hong Kong. A portion of the quota was designated to Chongqing, a municipality directly under the Central Government. Qianjian Food Group applied for the quota after it completed the formalities of export registration. If the application successful, the group will establish a new swine farm with an annual slaughter of 100,000 head and bring the total annual slaughter up to 150,000 head. (Farmers' Daily, 7/13/2006, ZJP)

#### **China's livestock is gradually becoming a major industry**

According to the Ministry of Agriculture (MOA), China's livestock output value is now over RMB 1,300 billion (US\$162.7 billion), accounting for 35 percent of the total agricultural output value. Farmers' per capita income from livestock is over \$75, accounting for 30 percent of farmers' family cash incomes. (Farmers' Daily, 7/13/2006, ZJP)

#### **First case of human infection of avian influenza should be diagnosed by MOH**

The Ministry of Agriculture (MOA) recently released an "Urgent Action Plan for Human Infection of Highly Pathogenic Avian Influenza (HPAI)". According to the plan, in the case of a human HPAI infection, an expert panel under the Ministry of Health is responsible for the diagnosis of the first case in various provinces, autonomous regions and cities. An expert group organized by the local government would then be responsible for diagnoses of subsequent cases. (Beijing Daily, 7/13/2006, ZJP)

#### **Minimum purchase prices for early indica rice released**

The National Development and Reform Commission (NDRC) and five other government agencies jointly released a preparatory plan for state grain reserve companies to purchase early indica rice at a protective price in case the market prices of rice fall below this

protective price levels. Four main rice-producing provinces, namely Anhui, Jiangxi, Hubei and Hunan, are subject to implementation of this plan that covers a period from July 16 to September 30, 2006. The benchmark early indica rice refers to grade-3 rice under national standard and the minimum purchase price set by the government is 1.4 RMB per kilogram. (Ministry of Agriculture web site, [www.agri.gov.cn](http://www.agri.gov.cn), 7/18/06, WBG)